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Soviet Is Able to Raise Production Of Oil and Gas, U.S. Agency Says

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WASHINGTON, Sept. 2 — The Defense Intelligence Agency, in its latest analysis of the Soviet economy, says that the Soviet Union's energy prospects for the rest of this century appear "highly favorable," and that Moscow will be able to increase its oil production and exports for the foreseeable future.

Clearly differing from earlier, more conservative projections by the Central Intelligence Agency, the defense agency says that the Soviet Union will, in effect, be able to meet its oil production targets of 12.2 million barrels daily this year and 12.9 million by 1985.

The C.I.A., in its most recent statement, said last May that Soviet oil production would begin to decline in one to three years. The Soviet Union is the world's leading oil producer, outstripping second-place Saudi Arabia by about 3 million barrels a day. The United States is third, with daily production of about 8.6 million barrels of crude oil.

Testimony given when the defense survey was issued also referred to a report last December of a major discovery of oil in western Siberia. Petrostudies, a Swedish research concern, said last year that the Soviet Union had discovered a major new field at Bazhenov, and put the reserves there at 4,200 billion barrels. That figure would be about six times the total proved worldwide reserves of crude oil.

Report Released by Proxmire

The defense evaluation was presented on July 8 by Maj. Gen. Richard X. Larkin, deputy director of the agency, to the Joint Economic Committee's subcommittee on international trade, finance and security economics. It was made public today by the office of Senator William Proxmire, Democrat of Wisconsin.

In an expurgated exchange of questions and answers, Mr. Proxmire, the

vice chairman of the committee, asked an associate of General Larkin about last December's report of the major oil find, a report that was ridiculed at the time by Western experts.

Lloyd N. Corning Jr., the energy branch chief of the defense agency's research division, said that there was a field at Salym, and "subsequent reports have indicated that it is a large find, but it will be some time before the Soviets bring it into production."

When asked how large, he replied that it was "very large," but not so large as the 4,200 billion barrels that Petrostudies had reported in reference to Bazhenov. The figure he then provided for Salym was censored from the testimony, but Mr. Proxmire said, "That's a colossal size."

An aide to Mr. Proxmire said he could not provide the exact figure because it was classified, but he repeated the Senator's description of it as "colossal."

Economy Termed Weak Over All

General Larkin, in his presentation, depicted the Soviet economy as being in poor condition over all, with extremely low growth rates and high military expenditures. What was significant about the testimony was the very positive evaluation it gave the Soviet energy sector. State Department officials said that the testimony seemed to underscore what they said was a major difference of opinion between the Defense Intelligence Agency and the C.I.A.

For instance, the C.I.A. has said in the past that the Soviet Union has proven oil reserves of about 35 billion barrels. The defense agency says that it has increased its estimate from 75 billion barrels to between 80 billion and 85 billion barrels.

"The outlook for Soviet energy, from the perspective of the Soviet leadership, is highly favorable," General

Larkin said. "Prospects for the full satisfaction of domestic needs, planned energy exports to East European Communist countries and negotiated quantities for customers in Western Europe appear to meet Soviet expectations through the 1980's and beyond."

Gain in Political Influence

"In addition to providing solid economic benefits for the U.S.S.R., Soviet energy self-sufficiency is also likely to result in greater political influence by the Soviet Union over certain decisions of its West European customers, and perhaps to a lesser extent, of Japan," the general said.

He added that production of Soviet natural gas, from the world's largest proved reserves, would continue to expand at a high rate of 7 percent to 9 percent annually, and export growth would reach more than 15 percent.

Despite a recent decline in Soviet coal production, he said, the Soviet Union "is likely to achieve a production upswing in coal, from the world's largest proved reserves, by the late 1980's."

Revenues From Exports

He said that the Soviet Union should be able to realize about \$23 billion from the sale of oil and natural gas to Western countries in 1985 to allow it to buy needed Western technology.

General Larkin said that "there is little doubt" that the Soviet Union would be able to substitute natural gas for oil for many consumers. He said that coal and oil, which represented 72 percent of primary energy fuels consumed in 1970, would represent 56 percent in 1985.

He also said that natural gas and nuclear power would rise from 20 percent to 38 percent by 1985, 38 percent by 1985 and 42 percent to 44 percent in 2000.